MEXICAN GOLD MINING CORP

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mexican Gold Mining Corp.

Opinion

We have audited the accompanying consolidated financial statements of Mexican Gold Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Stephen Hawkshaw.

Davidson & Company LLP

Vancouver, Canada Chartered Professional Accountants

October 21, 2021

Mexican Gold Mining Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	June 30, 2021 $	June 30, 2020 $
ASSETS			
Current assets			
Cash and cash equivalents		121,460	1,861,336
Amounts receivable	4	225,437	55,224
Prepaid expenses and deposits		15,588	50,573
Total current assets		362,485	1,967,133
Total Assets		362,485	1,967,133
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	149,286	69,134
Total current liabilities		149,286	69,134
EQUITY			
Share capital	5	31,837,636	30,448,277
Reserves	5	4,314,677	4,215,567
Foreign currency translation		(10,560)	(17,305)
Deficit		(35,928,554)	(32,748,540)
Total equity		213,199	1,897,999
Total Equity and Liabilities		362,485	1,967,133

NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY (Note 1)
SUBSEQUENT EVENT (Note 12)

These consolidated financial statements are authorized for issue by the Board of Directors on October 21, 2021. They are signed on the Company's behalf by:

"Jack Campbell" , Director

"*Ali Zamani*" , Director

Mexican Gold Mining Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended June 30, 2021 $	2020 $
Expenses			
Exploration and evaluation expenditures	3	1,986,344	726,156
General and administrative	6	1,002,743	1,045,824
Professional fees		83,052	196,753
Share-based payments	5,7	99,110	472,554
Loss before other items		(3,171,249)	(2,441,287)
Foreign exchange loss		(10,318)	(7,680)
Interest expense		(352)	-
Interest income		1,905	42,992
Recovery of professional fees	7	-	127,235
Loss for the year		(3,180,014)	(2,278,740)
Other comprehensive items			
Exchange differences on translation of foreign operations		6,745	(13,833)
Comprehensive loss for the year		(3,173,269)	(2,292,573)
Loss per share – basic and diluted ($)		(0.03)	(0.02)
Weighted average number of common shares outstanding – basic and diluted		112,493,380	101,429,190

The accompanying notes are an integral part of these consolidated financial statements.

Mexican Gold Mining Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended June 30, 2021 $	2020 $
Cash flows from operating activities		
Loss for the year	(3,180,014)	(2,278,740)
Adjustments for:		
Interest income	-	(31,951)
Share-based payments	99,110	472,554
	(3,080,904)	(1,838,137)
Change in non-cash working capital items:		
(Increase) decrease in amounts receivable	(170,213)	264,552
Decrease in prepaid expenses and deposits	34,985	64,205
Increase (decrease) in accounts payable and accrued liabilities	80,152	(367,369)
Net cash used in operating activities	(3,135,980)	(1,876,749)
Cash flows from financing activities		
Repayment of convertible note(1)	-	(450,000)
Issuance of common shares in private placement	1,400,000	4,000,000
Share issue costs	(10,761)	(116,635)
Proceeds from warrant exercises	120	-
Net cash generated from financing activities	1,389,359	3,433,365
Net (decrease) increase in cash and cash equivalents	(1,746,621)	1,556,616
Cash and cash equivalents at beginning of year	1,861,336	318,553
Effect of exchange rate on cash and cash equivalents	6,745	(13,833)
Cash and cash equivalents at end of year	121,460	1,861,336
Supplemental cash flow information		
Cash paid for income taxes	-	-
Cash paid for interest	-	-

(1) Refer to Note 10 for further information.

There were no non-cash investing or financing activities for the years ended June 30, 2021 and 2020.

Breakdown of cash and cash equivalents	2021 $	2020 $
Cash	121,460	161,336
Guaranteed investment certificate	-	1,700,000
Total	121,460	1,861,336

The accompanying notes are an integral part of these consolidated financial statements.

Mexican Gold Mining Corp.
Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of shares	Amount $	Warrants $	Equity settled share-based payments $	Foreign currency translation $	Deficit $	Total equity (deficiency) $
Balance at June 30, 2019	53,341,758	26,564,912	215,417	3,527,596	(3,472)	(30,469,800)	(165,347)
Shares issued in private placement	50,000,000	4,000,000	-	-	-	-	4,000,000
Share issuance costs	-	(116,635)	-	-	-	-	(116,635)
Share-based payments	-	-	-	472,554	-	-	472,554
Total comprehensive loss for the year	-	-	-	-	(13,833)	(2,278,740)	(2,292,573)
Balance at June 30, 2020	103,341,758	30,448,277	215,417	4,000,150	(17,305)	(32,748,540)	1,897,999
Shares issued in private placement	20,000,000	1,400,000	-	-	-	-	1,400,000
Share issuance costs	-	(10,761)	-	-	-	-	(10,761)
Share-based payments	-	-	-	99,110	-	-	99,110
Warrants exercised	1,000	120	-	-	-	-	120
Total comprehensive loss for the year	-	-	-	-	6,745	(3,180,014)	(3,173,269)
Balance at June 30, 2021	123,342,758	31,837,636	215,417	4,099,260	(10,560)	(35,928,554)	213,199

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Mexican Gold Mining Corp. (the "Company") was incorporated under the Business Corporations Act (Alberta) on October 5, 2006. On January 17, 2011, the Company was continued into the jurisdiction of Ontario and on February 10, 2020, was continued as a British Columbia corporation under the Business Corporations Act in the Province of British Columbia. The address of the Company's registered office is 900 – 999 Hastings Street West, Vancouver, BC, Canada V6C 2W2.

The Company is a mineral exploration company engaged in the acquisition, exploration and evaluation of resource properties in Mexico. The Company's resource properties presently have no proven or probable reserves, and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. The recoverability of expenditures on its resource properties is dependent upon the existence of economically recoverable resources, the Company securing and maintaining title and beneficial interest in the properties, and the ability of the Company to obtain the necessary financing to complete the exploration and development and future profitable production or, alternatively, on the sufficiency of proceeds from disposition.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis and do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. As at June 30, 2021, the Company has an accumulated deficit of $35,928,554 and equity of $213,199. In addition, the Company has working capital of $213,199 and negative cash flow from operating activities of $3,135,980. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. These items may cast a significant doubt on the Company's ability to continue as a going concern.

On March 11, 2020, the World Health Organization declared the global outbreak of a novel coronavirus identified as "COVID-19" a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. Significant economic and social impacts have limited the Company's ability to continue its exploration and evaluation activities as intended. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These consolidated financial statements were approved by the Board of Directors of the Company on October 21, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

a) Statement of compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), effective for the Company's reporting for the year ended June 30, 2021.

b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary as follows:

	Place of Incorporation	Principal Activity
Roca Verde Exploracion Mexico, S.A. de C.V.	Mexico	Exploration company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

d) Foreign currencies

The presentation and functional currency of the Company is considered to be the Canadian dollar. The functional currency of its subsidiary is considered to be the Mexican Peso. Transactions in currencies other than the functional currency of the respective corporation are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains or losses resulting from transactions conducted in currencies other than the functional currency of the operation in which the transaction occurs, are recognized as part of profit or loss. Foreign exchange gains or losses in a functional currency other than the presentation currency are recognized in other comprehensive income or loss.

e) Cash and cash equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Exploration and evaluation expenditures

The Company is in the process of exploring its mineral properties and consequently the costs associated with the acquisition of property rights, including cash consideration paid, direct legal costs incurred and the issuance of shares for mineral property interests are expensed in the statement of profit or loss as incurred. Where the Company has entered into an option agreement for the acquisition of a mineral property interest which provides for periodic payments, such unpaid amounts are not recorded as a liability since they are payable entirely at the discretion of the Company.

The Company has adopted the policy of expensing exploration and evaluation expenditures incurred prior to the determination that a property has economically recoverable reserves.

g) Financial instruments

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights to receive cash flows have expired or substantially all risks and rewards of ownership have been transferred. Gains and losses on recognition are generally recognized in profit and loss.

Financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest are measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any change taken through profit or loss or other comprehensive income.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in profit or loss for the period. Financial assets and liabilities classified as FVOCI are measured at fair value with changes in those fair values recognized in other comprehensive income (loss) for the period. Financial assets and liabilities classified at amortized cost are measured at amortized cost using the effective interest method.

An “expected credit loss” impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The following table sets out the classifications of the Company’s financial assets and liabilities:

Financial assets/liabilities	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Amounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Decommissioning liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment when those obligations result from the acquisition, construction, development or normal operation of assets or if an obligation to incur rehabilitation and environmental costs occurs as a result of an environmental disturbance caused through the Company's work at its projects prior to determining the existence of a mineral reserve. The net present value of future rehabilitation costs are expensed through profit or loss along with a corresponding increase in the rehabilitation provision in the period incurred.

Pre-tax discount rates that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets and the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. There are no decommissioning liabilities for the years presented.

i) Share-based payment transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

j) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

k) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Income taxes (continued)

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at year end applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

l) Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

(i) Critical accounting estimates

- The valuation of share-based payments. The fair value of common share purchase options granted is determined at the issue date using the Black-Scholes pricing model. The fair value of common shares issued for finders fees are based on the closing price of the transaction those fees pertain to.

- The determination of tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. Management also makes estimates of future earnings which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Significant Accounting Estimates and Judgments (continued)

(ii) Critical accounting judgments

- Presentation of the consolidated financial statements as a going concern which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and the Mexican peso of its subsidiary company, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. Management also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and the degree of autonomy the foreign operation has with respect to operating activities.

3. EXPLORATION AND EVALUATION

The following tables summarize the accumulated costs incurred to date with respect to the Company's interest in resource properties owned, leased or under option that the Company continues to explore as at June 30, 2021 and June 30, 2020:

Year ended June 30, 2021	Las Minas $
Exploration and evaluation expenditures	
Cumulative exploration and evaluation expenditures – June 30, 2020	15,927,644
Drilling	1,159,318
Environmental studies	12,659
Geological and consulting	6,063
Operational support	212,740
Preliminary economic assessment	504,609
Resource estimation	90,955
	1,986,344
Cumulative exploration and evaluation expenditures – June 30, 2021	17,913,988

Year ended June 30, 2020	Las Minas $
Exploration and evaluation expenditures	
Cumulative exploration and evaluation expenditures – June 30, 2019	15,201,488
Drilling	343,174
Geological and consulting	151,185
Operational support	113,840
Other	13,462
Resource estimation	104,495
	726,156
Cumulative exploration and evaluation expenditures – June 30, 2020	15,927,644

3. EXPLORATION AND EVALUATION (continued)

Las Minas Project

As at June 30, 2021, the Company owns a 100% interest in the Las Minas and La Miqueta properties, collectively named the Las Minas Project, through its wholly owned subsidiary Roca Verde Exploracion de Mexico, S.A. de C.V ("Roca Verde"). The project is comprised of six mineral concessions located in the Las Minas district in the state of Veracruz, Mexico consisting of the Pepe, Pepe Tres, San Jose, Pueblo Nuevo, La Luz I and San Valentin mineral concessions.

The project rights were acquired by making staged payments in cash and common shares of the Company to the vendors from 2010 through 2018, under two separate, fully executed option agreements. Each of the vendors retained a 1.5% Net Smelter Return ("NSR") subject to a buyback provision, at the Company's discretion, to purchase one third or 0.5% NSR for US$500,000 from each of the vendors. Pursuant to the terms of the purchase and sale agreement of the Pepe, Pepe Tres and San Jose mineral concessions, Roca Verde has a right of first refusal ("ROFR") in the event that the vendor intends to transfer all or part of the NSR.

Assignment of Royalty Rights

On June 17, 2019, the Company entered into a letter agreement ("Letter Agreement") pursuant to which the Company caused its wholly owned subsidiary, Roca Verde, to sell and assign (the "Assignment") the ROFR and the buyback provision allowing the Company to purchase one third or 0.5% NSR for US$500,000 on the Pepe, Pepe Tres and San Jose mineral concessions to 1198578 B.C. Ltd. ("BC Co") for consideration of:

- BC Co making a cash payment of $50,000 direct to Roca Verde (paid);
- BC Co advancing a loan of $450,000 to the Company (paid);
- BC Co depositing $500,000 (the "Escrow Funds") into escrow with the Company's legal counsel, Farris LLP, as escrow agent (paid).

Equity Financing

In accordance with the terms of the Letter Agreement, BC Co used the Escrow Funds to subscribe to and participate in the equity financing completed on July 15, 2019 (see Note 5 – Share Capital and Reserves), for a minimum subscription amount of $500,000.

Exercise of Royalty Rights

In the event that BC Co exercises the ROFR prior to the Company's board of directors making a decision to commence production on any portion of the Property (a "Production Decision"), then at the time that a Production Decision is made, the Company must pay BC Co US$500,000 (the "Payment Obligation"), which BC Co must use to exercise the buyback provision to purchase one third or 0.5% NSR from the vendor.

In the event that the Company, proposes to sell, transfer, assign or dispose of any portion of the Property prior to a Production Decision having been made, the Company must first ensure that any prospective purchaser or transferee of the Property must agree in writing to be bound, in favour of BC Co to:

- satisfy payment of the Payment Obligation in the event that a Production Decision is made; and
- that it shall not to sell, transfer, assign or dispose of any portion of the Property, unless and until the prospective purchaser or transferee of the Property agrees in writing to be bound, in favour of BC Co to satisfy payment of the Payment Obligation in the event that a Production Decision is made.

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. AMOUNTS RECEIVABLE

The following table summarizes amounts receivable as at June 30, 2021 and June 30, 2020:

	June 30, 2021 $	June 30, 2020 $
Canadian Goods and Services Taxes recoverable	21,830	11,009
Mexican Value Added Taxes (“VAT”) recoverable	203,607	12,264
Interest receivable	-	31,951
Total	225,437	55,224

5. SHARE CAPITAL AND RESERVES

Authorized Share Capital

At June 30, 2021, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Details of Issues of Common Shares in fiscal 2021

During the year ended June 30, 2021, 1,000 warrants were exercised at a price of $0.12 per share for gross proceeds of $120.

On January 15, 2021, the Company completed a non-brokered private placement financing of 20,000,000 common shares at a price of $0.07 per common share for gross proceeds of $1,400,000. Share issuance costs of $10,761 relating to the private placement financing were paid.

Details of Issues of Common Shares in fiscal 2020

On July 15, 2019, the Company closed a non-brokered private placement financing comprised of 50,000,000 units of the Company at $0.08 per unit for gross proceeds of $4,000,000. Each unit consisted of one common share and one transferable warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at price of $0.12 per share for a period of five years, expiring July 15, 2024. Share issuance costs of $116,635 relating to the private placement were paid.

Share Purchase Option Compensation Plan

The Company has a share incentive plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Company. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Company at the date of the grant of the option.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX-V. Share purchase options granted generally vest immediately, are subject to a four-month hold period and may be exercised during a period, which cannot exceed ten years, all to be determined by the Board of Directors.

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the year ended June 30, 2021 is as follows:

Expiry date	Exercise Price	June 30, 2020	Granted	Exercised	Cancelled/ Expired	June 30, 2021	Options exercisable
July 17, 2024	$0.105	4,150,000	-	-	(150,000)	4,000,000	4,000,000
September 1, 2024	$0.115	650,000	-	-	-	650,000	650,000
January 1, 2026	$0.130	-	1,000,000	-	-	1,000,000	1,000,000
March 7, 2027	$0.300	540,000	-	-	-	540,000	540,000
May 29, 2027	$0.360	150,000	-	-	-	150,000	150,000
May 29, 2027	$0.550	250,000	-	-	-	250,000	250,000
April 20, 2028	$0.390	64,000	-	-	-	64,000	64,000
		5,804,000	1,000,000	-	(150,000)	6,654,000	6,654,000
Weighted average exercise price $		0.15	0.13	-	0.11	0.15	0.15
Weighted average contractual remaining life (years)		4.55	-	-	-	3.70	3.70

The continuity of share purchase options for the year ended June 30, 2020 is as follows:

Expiry date	Exercise Price	June 30, 2019	Granted	Exercised	Cancelled/ Expired	June 30, 2020	Options exercisable
March 20, 2020	$0.800	184,000	-	-	(184,000)	-	-
May 24, 2022	$0.350	400,000	-	-	(400,000)	-	-
May 29, 2022	$0.360	100,000	-	-	(100,000)	-	-
July 17, 2024	$0.105	-	4,150,000	-	-	4,150,000	4,150,000
September 1, 2024	$0.115	-	650,000	-	-	650,000	650,000
March 7, 2027	$0.300	1,250,000	-	-	(710,000)	540,000	540,000
May 29, 2027	$0.360	950,000	-	-	(800,000)	150,000	150,000
May 29, 2027	$0.550	250,000	-	-	-	250,000	250,000
November 20, 2027	$0.360	200,000	-	-	(200,000)	-	-
December 12, 2027	$0.350	167,466	-	-	(167,466)	-	-
April 20, 2028	$0.390	174,000	-	-	(110,000)	64,000	64,000
May 16, 2028	$0.370	100,000	-	-	(100,000)	-	-
		3,775,466	4,800,000	-	(2,771,466)	5,804,000	5,804,000
Weighted average exercise price $		0.44	0.11	-	0.37	0.15	0.15
Weighted average contractual remaining life (years)		6.94	-	-	-	4.55	4.55

The weighted average fair value of share purchase options granted during the year ended June 30, 2021 is $0.099 (June 30, 2020 - $0.097).

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Year ended June 30, 2021	Year ended June 30, 2020
Risk-free interest rate	0.39%	1.41%
Expected option life in years	5.0	5.0
Expected share price volatility	105.11%	148.96%
Grant date share price	$0.130	$0.106
Expected forfeiture rate	-	-
Expected dividend yield	-	-

The Company applies the fair value method of accounting for all stock based compensation awards and accordingly, $99,110 was recorded as compensation during the year (June 30, 2020 - $472,554 was recorded as compensation during the year).

The continuity of warrants for the year ended June 30, 2021 is as follows:

Expiry date	Exercise Price	June 30, 2020	Issued	Exercised	Expired	June 30, 2021
April 10, 2021	$0.60	3,489,833	-	-	(3,489,833)	-
November 22, 2021	$0.30	10,315,000	-	-	-	10,315,000
November 22, 2021*	$0.30	356,300	-	-	-	356,300
March 13, 2022	$0.30	400,000	-	-	-	400,000
March 13, 2022*	$0.10	10,500	-	-	-	10,500
July 15, 2024	$0.12	50,000,000	-	(1,000)	-	49,999,000
		64,571,633	-	(1,000)	(3,489,833)	61,080,800
Weighted average exercise price $		0.18	-	0.12	0.60	0.15

*Finder's warrants.

The continuity of warrants for the year ended June 30, 2020 is as follows:

Expiry date	Exercise Price	June 30, 2019	Issued	Exercised	Expired	June 30, 2020
April 10, 2021	$0.60	3,489,833	-	-	-	3,489,833
November 22, 2021	$0.30	10,315,000	-	-	-	10,315,000
November 22, 2021*	$0.30	356,300	-	-	-	356,300
March 13, 2022	$0.30	400,000	-	-	-	400,000
March 13, 2022*	$0.10	10,500	-	-	-	10,500
July 15, 2024	$0.12	-	50,000,000	-	-	50,000,000
		14,571,633	50,000,000	-	-	64,571,633
Weighted average exercise price $		0.37	0.12	-	-	0.18

*Finder's warrants.

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes the general and administrative expenses incurred for the years ended June 30, 2021 and 2020:

	June 30, 2021 $	June 30, 2020 $
Corporate development and investor relations	87,907	144,096
Office and sundry	157,483	137,840
Salaries and consulting	708,414	641,375
Transfer agent and filing fees	30,127	70,105
Travel	18,812	52,408
Total	1,002,743	1,045,824

7. RELATED PARTY BALANCES AND TRANSACTIONS

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the year ended June 30, 2021, key management personnel compensation totaled $399,750 (June 30, 2020 - $726,459) comprised of salaries and wages of $350,000 (June 30, 2020 - $313,654) paid to the Chief Executive Officer, Chief Financial Officer, and former Chief Financial Officer, $Nil (June 30, 2020 - $7,956) paid to a company controlled by the former Chief Financial Officer for accounting and management services, $10,000 (June 30, 2020 - $Nil) paid to the current Corporate Secretary, $3,750 (June 30, 2020 - $15,000) paid to the former Corporate Secretary, $36,000 (June 30, 2020 - $35,500) paid to directors, and share-based payments of $Nil (June 30, 2020 - $354,349) relating to Nil (June 30, 2020 - 3,650,000) stock options granted to directors and officers of the Company and the vesting of previously granted stock options to directors and officers of the Company.

As at June 30, 2021, $Nil (June 30, 2020 - $3,750) is included in accounts payable and accrued liabilities for amounts owed to key management personnel.

Under the terms of their management agreements, certain officers of the Company are entitled to a range of 12 to 24 months of base pay in the event of their agreements being terminated without cause.

On January 28, 2020, the Company announced it had entered into a binding letter agreement with New Found Gold Corp. ("NFGC"), a related company having directors and officers in common, to acquire all of the issued and outstanding shares of NFGC. On February 19, 2020, the Company announced it mutually terminated the binding letter agreement to acquire all of the issued and outstanding shares of NFGC. During the year ended June 30, 2020, $127,235 was received from NFGC as a recovery of legal fees incurred in connection with the transaction which was terminated.

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. SEGMENTED INFORMATION

The Company currently operates in one operating segment, the exploration of resource properties in Mexico. Management of the Company makes decisions about allocating resources based on the one operating segment. The Company's total assets and liabilities are segmented geographically as follows:

	June 30, 2021		
	Canada $	Mexico $	Total $
Current Assets	140,284	222,201	362,485
Current Liabilities	(130,556)	(18,730)	(149,286)
Total	9,728	203,471	213,199
Loss for the year	(1,632,531)	(1,547,483)	(3,180,014)

	June 30, 2020		
	Canada $	Mexico $	Total $
Current Assets	1,892,796	74,337	1,967,133
Current Liabilities	(36,282)	(32,852)	(69,134)
Total	1,856,514	41,485	1,897,999
Loss for the year	(1,623,920)	(654,820)	(2,278,740)

9. INCOME TAXES

The recovery of income taxes shown in the consolidated statements of loss and comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2021 $	2020 $
Loss before income taxes	(3,180,014)	(2,278,740)
Income tax (recovery) at statutory rate	(858,604)	(603,866)
Non-deductible differences	384	58
Stock compensation	26,760	125,227
Tax differential on foreign operations and change in statutory and foreign tax rates	(46,424)	(317,261)
Adjustment to prior year provision versus statutory returns	(37,997)	(22,726)
Other timing differences	(5,119)	(35,501)
Change in unrecognized temporary differences	921,000	854,069
Income tax recovery	-	-
Statutory tax rate	27.00%	25.00%

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. INCOME TAXES (continued)

Deferred income taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2021 $	2020 $
Deferred income tax assets		
Unrecognized deferred income tax assets	(10,112,000)	(9,191,000)
Other	55,000	77,000
Mineral property interests	6,111,000	5,511,000
Non-capital loss carry-forwards	3,946,000	3,603,000
	-	-

As at June 30, 2021, the Company has Canadian non-capital loss carry forwards of $13,742,958 that may be available for tax purposes. The Company's non-capital losses expire as follows:

Expiry Date	$
2027	52,885
2028	425,607
2029	597,656
2030	1,095,778
2031	960,294
2032	874,635
2033	1,272,220
2034	577,632
2035	1,053,062
2036	732,243
2037	550,099
2038	1,918,207
2039	1,354,277
2040	1,245,462
2041	1,032,901
	13,742,958

At June 30, 2021, the Company had net operating loss carry forwards for Mexico income tax purposes of approximately $800,000 (2020 – $905,889) which, if not utilized to reduce Mexican taxable income in future periods, expire through the year 2031. These available tax losses may only be applied to offset future taxable income from the Company's current Mexican subsidiary.

10. FINANCIAL INSTRUMENTS

The Company's operations include the acquisition and exploration of mineral properties in Mexico. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Fair Values

The Company's financial assets and liabilities are measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy are as follows:

10. FINANCIAL INSTRUMENTS (continued)

(a) Fair Values (continued)

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have financial instruments carried at fair value.

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. The carrying values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

(b) Financial Instrument Risk Exposure

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company does not have financial instruments that potentially subject the Company to credit risk. Overall the Company's credit risk has not changed significantly from the prior year. The Company places its cash and cash equivalents with financial institutions with high credit ratings, therefore the credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to fund exploration programs and may require doing so again in the future. The Company has $149,286 in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

Market risk

(i) Currency risk

Financial instruments that impact the Company's profit or loss due to currency fluctuation include cash accounts, amounts receivable, and accounts payable and accrued liabilities denominated in Mexican pesos. The sensitivity of the Company's profit or loss to a change in the exchange rate between the Mexican peso and the Canadian dollar at June 30, 2021 would change the Company's comprehensive loss by $19,571 as a result of a 10% change in the Canadian dollar exchange rate relative to the Mexican peso.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk.

10. FINANCIAL INSTRUMENTS (continued)

(b) Financial Instrument Risk Exposure (continued)

Market risk (continued)

(iii) Price risk

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's property has exposure to predominantly gold. Commodity prices, especially gold, greatly affect the value of the Company and the potential value of its property and investments.

Convertible Note

As at June 30, 2021 and 2020, the Company did not have any convertible notes outstanding. During the year ended June 30, 2020, the Company repaid the convertible note totaling $450,000.

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- To safeguard its ability to continue as a going concern in order to develop and operate its current projects;
- Pursue strategic growth initiatives; and
- To maintain a flexible capital structure which lowers the cost of capital.

In assessing the capital structure, management includes in its assessment the components of equity. In order to facilitate the management of capital requirements, the Company prepares annual expenditure budgets and continuously monitors and reviews actual and forecasted cash flows. The annual and updated budgets are monitored and approved by the Board of Directors. To maintain or adjust the capital structure, the Company may, from time to time, issue new shares, issue new debt, repay debt or dispose of non-core assets. The Company's current capital resources are insufficient to carry out exploration plans and support operations through the current operating period. The Company is dependent upon the ability to raise additional funding to meet its obligations and commitments.

The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year ended June 30, 2021.

12. SUBSEQUENT EVENT

Warrant Exercises

Subsequent to June 30, 2021, 4,000,000 warrants were exercised at an exercise price of $0.12 per share for gross proceeds of $480,000.